

# Tesco PLC

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## Tesco boosted by 'buy' rating and target price hikes by UBS and Deutsche Bank

Tesco PLC (LON:TSCO) shares edged higher on Monday after analysts at UBS and Deutsche Bank maintained a 'buy' rating on the stock, raised their target price and lifted earnings estimates.

The supermarket group last week reported a 1.8% rise in like-for-like (LFL) sales in the 13 weeks to May 26, buoyed by the acquisition of wholesaler Booker.

**READ:** Tesco up as it delivers tenth consecutive quarter of positive like-for-like sales growth, boosted by Booker acquisition  
 UBS increased its target price to 300p from 290p, saying: "Booker is off to very strong start under the Tesco umbrella - LFL sales of +12.4% is its best quarter ever (and on a base of record sales)."

The investment bank added: "Management's target to grow wholesale revenue by £2.5bn looks well underpinned; the run-rate suggesting within c.3 years. Booker contributed +1.6% (UBS estimate) of total UK & Republic of Ireland LFL of +3.5%.

"This pace of growth, beyond expectations, should drive multiple expansion - to illustrate, every +100 basis points on our terminal growth rate (UBS estimates: 1.5%) adds circa £0.50per share to our discounted cash flow net asset value."

UBS upgraded its earnings forecasts for 2019-21 by 1-2% due to accelerated growth from Booker.

Deutsche Bank raised its target price to 275p from 270p and lifted forecasts by 1-3%.

"Booker was the stand-out positive with LFL sales accelerating as the company gained more existing and new business," it said.

"By contrast Asia and Central Europe sales remain weak. However, in total these represent less than 20% of group."

Deutsche Bank said the UK and Republic of Ireland sales growth came in "slightly ahead" of expectations.

While industry data suggests more inflation in the basket than at competitors, Deutsche Bank is "encouraged" by comments that price investments had been made at the end of the quarter.

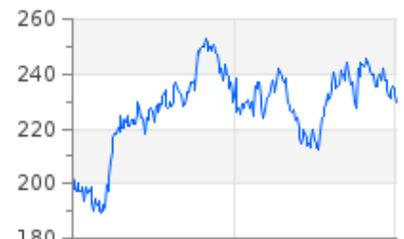
Shares in Tesco rose 0.3% to 255p in late morning trading.

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**Price:** 232.6

**Market Cap:** £22.78 billion

### 1 Year Share Price Graph



November 2018    May 2019    November 20

### Share Information

**Code:** TSCO

**Listing:** LSE

52 week	High	Low
	293.4	187.05

**Sector:** Retail

**Website:** [www.tesco.com](http://www.tesco.com)

### Company Synopsis:

*Tesco - the leading supermarket in Britain With small grocery stores under the Tesco Metro brand name, big supermarkets outside cities (Tesco Extra) and 24-hour stores.*

[action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

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Contact us +61 (0)2 9280 0700 [action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

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